

Finance and Resources Committee

10.00 am, Tuesday, 12 June 2018

4 Duncan Place – Community Asset Transfer Update

| | |
|---------------------|--|
| Item number | 7.18 |
| Report number | |
| Executive/routine | Executive |
| Wards | 13 - Leith |
| Council Commitments | C2 , C47 C51 |

Executive Summary

This report provides Committee with an update on proposals for an asset transfer and on funding that has been awarded and further applied for, to enable the transfer of the Duncan Place Resource Centre to the Duncan Place Volunteer Management Committee (DPVMC) by Community Asset Transfer under Part Five of the Community Empowerment (Scotland) Act 2015.

It also seeks approval, in principle, to transfer the asset, subject to conditions, to assist with further funding applications by DPVMC.

4 Duncan Place – Community Asset Transfer Update

1. Recommendations

- 1.1 That Committee:-
 - 1.1.1 Notes the progress to date and the updates provided in this report;
 - 1.1.2 Approves, in principle, to the transfer of the property to Duncan Place Volunteer Management Committee subject to the conditions outlined in this report.

2. Background

- 2.1 The former building at Duncan Place housed a community centre and the gym hall and nursery accommodation for Leith Primary School. Following a succession of issues with the condition of the building, the facility was closed in September 2014 to allow intrusive surveys to be carried out.
- 2.2 On 9 December 2014, the Education, Children and Families Committee considered the outcome of the above surveys and approved that the building should be demolished and further work carried out to establish the options for replacement.
- 2.3 On 6 October 2015, the Education, Children & Families Committee approved that, due to the Listed status of part of the property, part of the building should be retained and a new replacement gym hall and nursery be built for Leith Primary School on the demolished element of the site. Committee also approved that a working group be set up to take forward discussions with the Duncan Place Management Committee to progress the possibility of a community asset transfer of that part of the former building that would remain.
- 2.4 The working group was established comprising officers, local members and Duncan Place Management Committee. Since that time officers have been working with the renamed Duncan Place Volunteer Management Committee (DPVMC) to apply for funding to enable the asset to be renovated to a habitable condition and transferred to DPVMC as a community resource.
- 2.5 The new gym hall and nursery for Leith Primary School is nearing completion and this report provides an update on the work to deliver a community facility in the remaining element of the former Duncan Place building.

3. Main report

- 3.1 Considerable refurbishment works are required to bring the building back into a habitable condition. Plans and images of the proposed refurbishment are shown in Appendix 1.

Building Upgrade Funding

- 3.2 External funds have been sourced to meet the cost of the refurbishment, including environmental and energy efficient upgrades, to reduce the carbon footprint of the building. Council officers, in conjunction with DPVMC, have been successful in applying for funding for the building refurbishment works as follows:
- Scottish Government Regeneration Capital Grant Fund (RCGF): to cover the cost of capital works required to bring the building back into a habitable condition, totalling nearly £1.2m, has been approved.
 - Scotland's Energy Efficiency Programme Phase 2 (SEEP2): the total cost of energy efficiency improvement works is £529,500. SEEP2 funding has been approved and will meet 50% of this cost.
 - Salix Finance: Interest free Government loan funding available to the Public Sector for improving energy efficiency in buildings. With other funding streams secured and recommended for approval, this loan funding will be applied for to meet the remaining 50% required to complete the SEEP2 funded energy efficiency improvement works. A loan can be repaid over a period of 8 years, or such other period as agreed in the Salix loan application. Repayments are to be funded by efficiencies accrued from energy savings arising from the improvement works and the loan repayments will form part of any transfer negotiations.
- 3.3 Another element which is at an advanced stage is Big Lottery Funding. A funding application is being prepared by DPVMC to meet the cost of furnishing the building, including equipment required for community use. This funding will also meet the cost of legal and financial advice for the acquisition of the building, together with the cost of staffing and initial revenue outlay over the first five years of the project. This will include the cost of a project development officer in the first year whilst building works are undertaken. The funding is anticipated to be in the region of £500k and the Big Lottery Funding office has confirmed that DPVMC is at a sufficiently advanced stage to move forward to a full application for this funding.
- 3.4 The upgrading of the building through SEEP2 and RCGF funding will be carried out whilst the building is still under Council ownership and control, prior to any asset transfer.

Community Asset Transfer

- 3.5 Discussions with DPVMC continue in relation to the Community Asset Transfer (CAT) process. Part Five of the Community Empowerment (Scotland) Act 2015 which relates to asset transfer requests came into force on 27 January 2017. The interest in an asset transfer of 4 Duncan Place commenced prior to the Act coming

into force. The Council's Community Asset Transfer policy was agreed by the Council on 27 April 2017 and DPVMC is preparing a Stage 2 Business Case submission in accordance with the policy. Once the Stage 2 submission is received in compliance with the Act, this will formally commence the asset transfer process.

- 3.6 DPVMC advise it will be in a position to proceed with this once its Big Lottery grant application has been submitted and is in the pipeline for consideration. Following advice from the Office of the Scottish Charity Regulator (OSCR), DPVMC, a Scottish Charitable Incorporated Organisation (SCIO), is making changes to its constitution so that it will be in the position to legally progress with a CAT. DPVMC has advised that it will likely be in the position to take occupancy of the Duncan Place property in September 2019 when the refurbishment works are scheduled to be completed.
- 3.7 Crucial to the success of the project is DPVMC's ability to have a positive cash-flow in the first few years. This would allow the organisation to be sustainable in the longer term and deliver the social outcomes in the area. It is proposed that this is delivered through a funding application to the Big Lottery referred to in paragraph 3.2. DPVMC have been in contact with the Big Lottery for a number of years and have successfully progressed through the multi stage process to the point where the final stage will now be applied for. This is a major piece of work requiring the submission of over 25 documents.
- 3.8 The Big Lottery has made it clear that any release of funds would be conditional upon the heritable interest being transferred. To assist with the application, Committee is requested to approve the transfer, in principle, subject to Big Lottery funding being achieved.

4. Measures of success

- 4.1 To date, successfully securing funding from RCGF and SEEP2 and attaining positive feedback on the likelihood of funding from the Big Lottery.
- 4.2 The establishment of a viable and sustainable community venture in the refurbished Duncan Place building that represents what can be achieved between the public and third sector collaboration.
- 4.3 The refurbishment of a listed building at risk.

5. Financial impact

- 5.1 There are no direct financial costs to the Council. While the refurbished building would be capable of producing a commercial rent, the funding detailed below would not have been available on that basis.
- 5.2 Funding has been achieved for renovation costs of £1.2m from the Scottish Government Regeneration Capital Grant Fund.

- 5.3 Funding has been achieved for 50% of energy efficiency improvements totalling £529,500 from Scotland's Energy Efficiency Programme Phase 2. Salix Funding for the remaining 50% of energy efficiency improvements is being applied for.
- 5.4 Big Lottery funding for the fit out of the building by DPVMC and first five-year costs anticipated at £500k has been applied for.
- 5.5 Detailed terms and conditions for the transfer of the asset will be reported to Committee at a later date.

6. Risk, policy, compliance and governance impact

- 6.1 There is a risk that the asset transfer does not take place, resulting in the Council having to develop alternative proposals for this building. This risk is mitigated by the refurbished building being a very marketable asset for lease.
- 6.2 There is also a risk that DPVMC will be unable to achieve Big Lottery funding and/or be able to fund the Salix loan repayments, which could expose the Council to a cost of £265,000. This risk is again mitigated by the fall-back scenario of the Council having a very marketable asset for lease.
- 6.3 There is a risk that when the asset is transferred, DPVMC do not use the building as intended. The risk will be mitigated by provision for the Council having pre-emption rights to claim the property back under certain circumstances.

7. Equalities impact

- 7.1 An Integrated Impact Assessment has been carried out.
- 7.2 A positive impact will result for many varied community and disadvantaged groups who intend making use of the building. Renovation and use of the building will enhance community engagement in the area. Negative impacts for the Council, community groups and other local groups would result if the project does not proceed.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account and are noted at Background Reading later in this report.
 - 8.1.1 The proposals in this report will reduce carbon emissions because the energy efficiency improvements proposed to the building will lower energy consumption and reduce heat loss.

- 8.1.2 The proposals in this report will increase the city's resilience to climate change impacts because they will upgrade a historic building to modern standards allowing it to be reoccupied for years to come.
- 8.1.3 The proposals in this report will help achieve a sustainable Edinburgh because they will bring back into use a dilapidated historic building which will be used by the community to improve the social and economic wellbeing of local residents and businesses.

9. Consultation and engagement

- 9.1 DPVMC has consulted widely in the community with regards to the future use of the building. Proposed uses have been researched and communicated to the community with their views having been taken in to account. As part of the CAT Stage 2 Business Case Submission DPVMC are required to evidence that detailed community consultation has been undertaken. The outcome of this will be included in a report to Committee when the CAT is progressed.

10. Background reading/external references

- 10.1 Duncan Place Volunteer Management Committee: <http://duncanplace.org>
- 10.2 Education, Children and Families Committee, 6 October 2015, Item 7.13
http://www.edinburgh.gov.uk/meetings/meeting/3771/education_children_and_families_committee
- 10.3 City of Edinburgh Council CAT Policy, 27 April 2017, Item 8.4:
http://www.edinburgh.gov.uk/meetings/meeting/4178/city_of_edinburgh_council
- 10.4 Sustainable Edinburgh 2020 <http://www.sustainableedinburgh.org/>
- 10.5 Sustainable Design & Construction Policy Statement:
https://orb.edinburgh.gov.uk/downloads/file/6413/sustainable_design_and_construction_policy_statement
- 10.6 Local Community Plan: <https://www.edinburghnp.org.uk/neighbourhood-partnerships/leith/about/leith-local-community-plan-2014-17/>

Stephen S. Moir

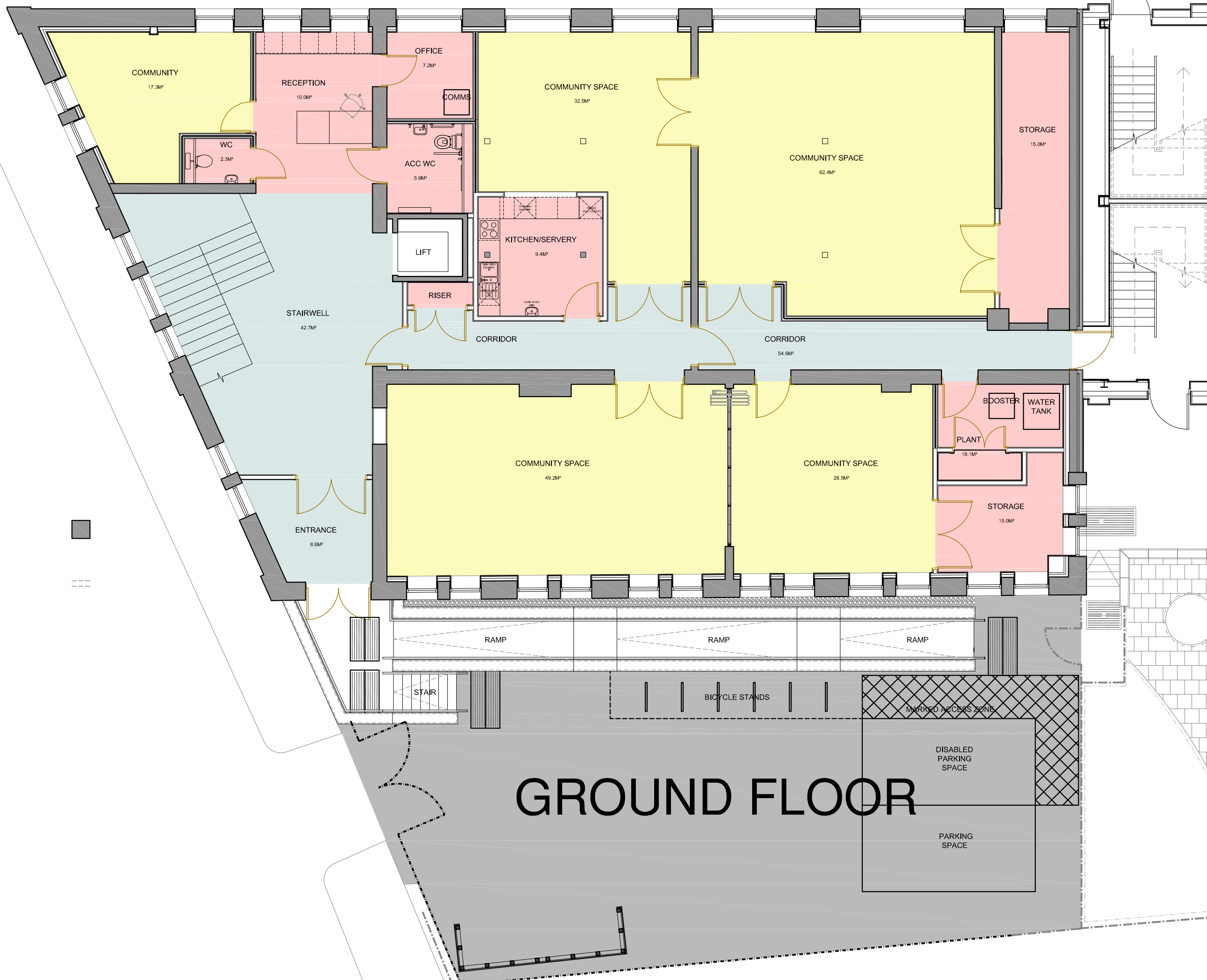
Executive Director of Resources

Contact: Craig Lamont, Senior Estates Surveyor

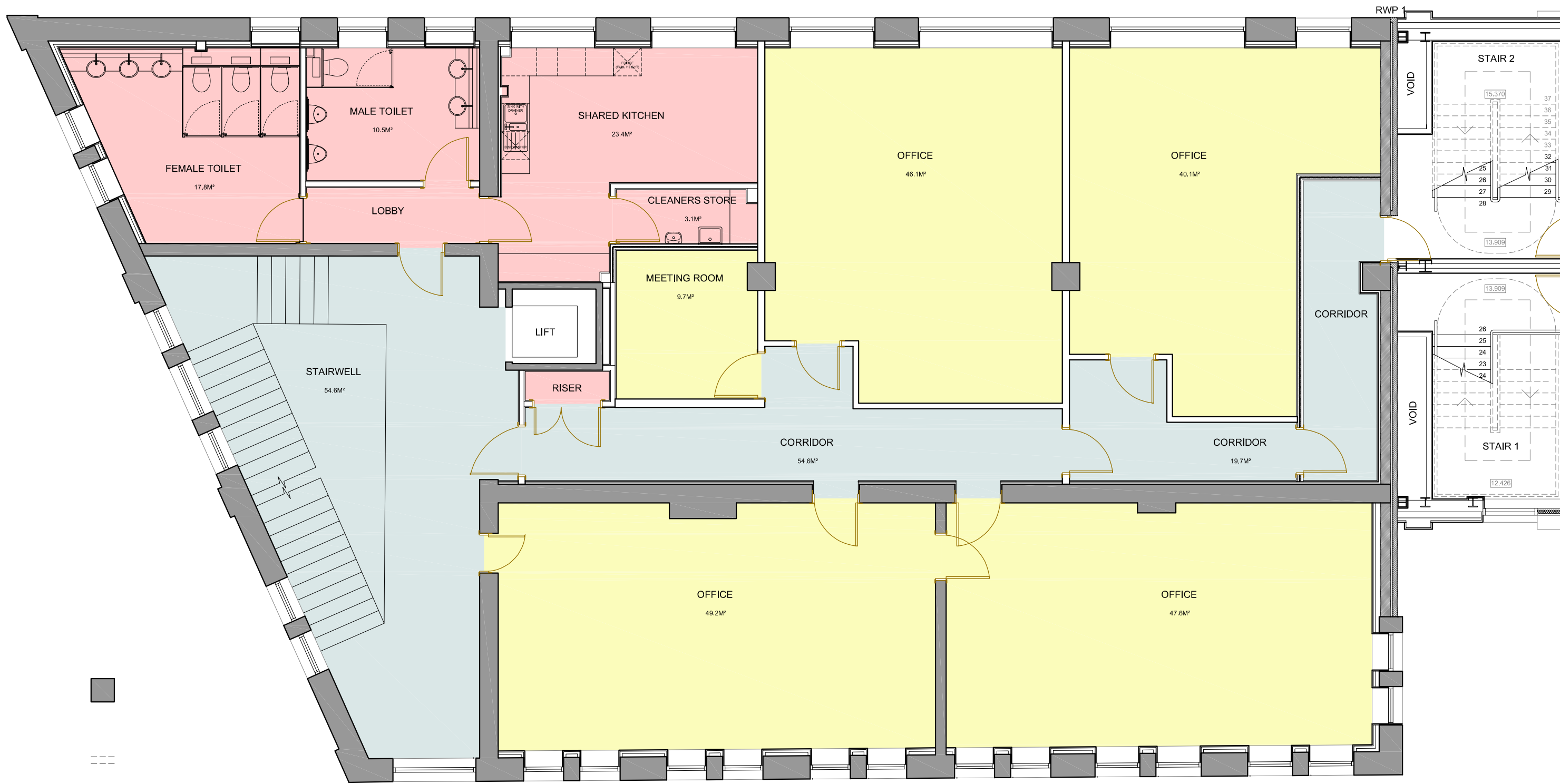
E-mail: craig.lamont@edinburgh.gov.uk | Tel: 0131 529 5983

11. Appendices

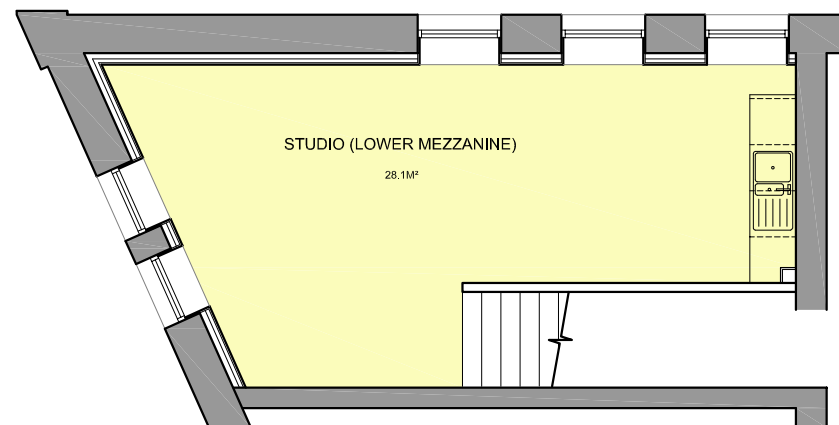
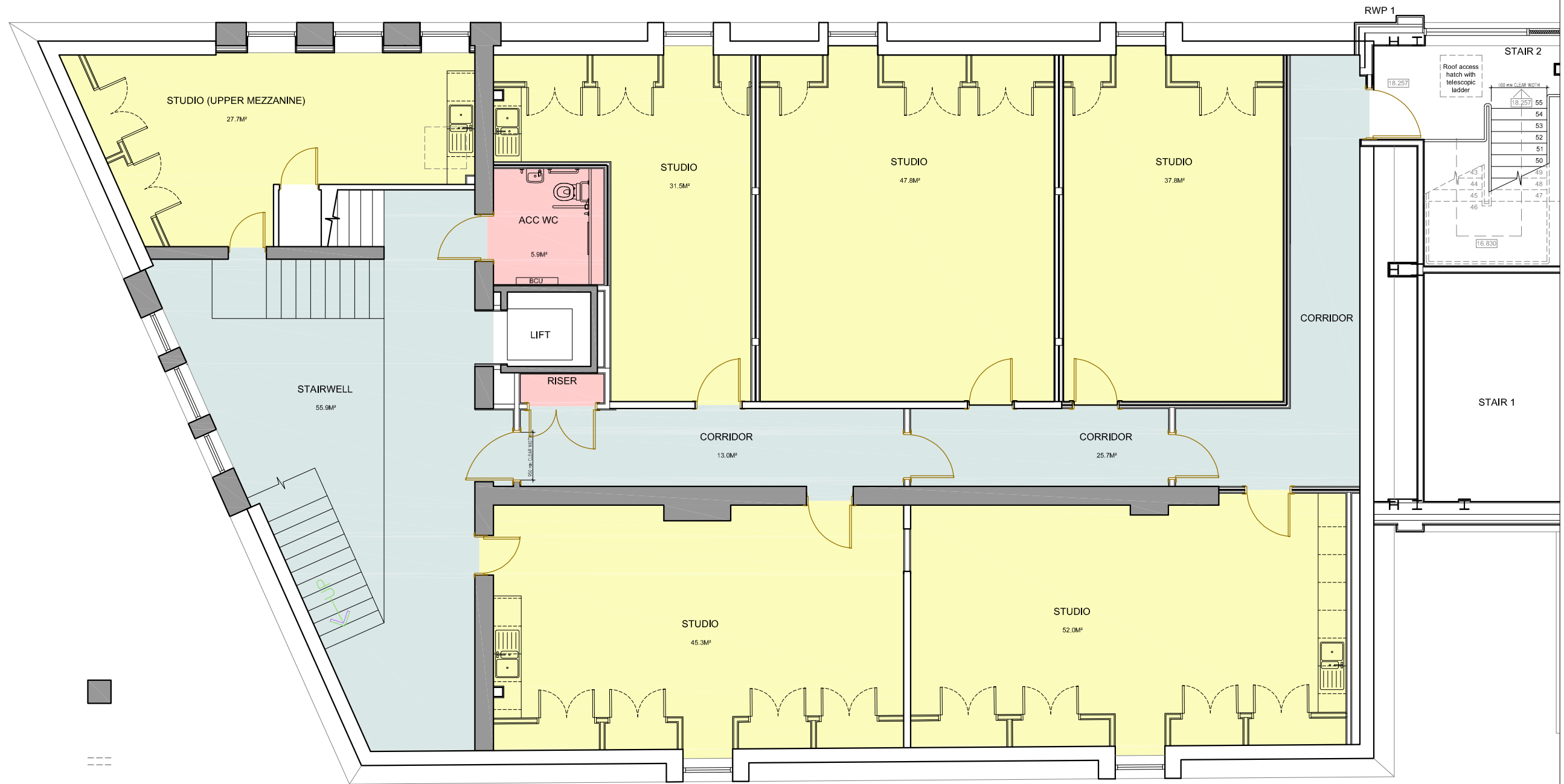
11.1 Appendix 1 – floor plans and image



GROUND FLOOR



FIRST FLOOR



SECOND FLOOR



VIEW LOOKING SOUTH WEST FROM LEITH LINKS



VIEW LOOKING NORTH WEST FROM DUNCAN PLACE



AERIAL VIEW LOOKING SOUTH WEST

NEW NURSERY AND GYM HALL, LEITH PRIMARY SCHOOL, EDINBURGH